

MAYER COHEN INDUSTRIES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2000

COMPANY NO. 322715

**WATTS
GREGORY**

CHARTERED ACCOUNTANTS

■ The UK 200 Group ■



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MAYER COHEN INDUSTRIES LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

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MAYER COHEN INDUSTRIES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	J.B. Roberts R.A. Mortimer P.J. Roberts K.T. Kendal - Williams
Company secretary	P.J. Roberts
Registered office	Newtown Industrial Estate Crosskeys Newport Gwent NP1 7PZ
Auditors	Watts Gregory Chartered Accountants & Registered Auditors 10/14 Museum Place CARDIFF CF10 3NZ
Bankers	Bank of Wales Kingsway Cardiff
Solicitors	Harding Evans Queens Chambers 2 North Street Newport NP20 1TE

MAYER COHEN INDUSTRIES LIMITED

CHAIRMAN'S STATEMENT

YEAR ENDED 31 DECEMBER 2000

MAYER COHEN INDUSTRIES

During the year the company's new building in Cross Keys has opened making an additional 2500 pallet positions available for use. The development was completed on time and on budget. The past year also saw MCI Logistics become a Customs authorised warehouse, thereby enabling our customers to store imported goods without the requirement to pay duty or VAT until they leave the site - a significant cash flow benefit. Our customer base continues to strengthen as the company develops and introduces a wider range of logistical and added value services.

Recent investment in a new IT infrastructure and stock management system is already bearing fruit with a significant improvement in management information and operational efficiency.

Approximately a third of the profit for the year arose from sales of telephones and the recovery of a major bad debt. Income from telephone sales is expected to reduce significantly during 2001.

I would like to thank Richard Mortimer who retired as General Manager towards the end of the year, for the significant contribution he has made to the company particularly during our extensive restructuring period. Philip Roberts was appointed Managing Director on 1st November 2000.

J.B. Roberts
Chairman

Dated:

J.B. Roberts.
13/4/2001.

MAYER COHEN INDUSTRIES LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2000

The directors present their report and the financial statements of the company for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of providing storage and logistics facilities.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	At 31 December 2000	Ordinary Shares of £1 each At 1 January 2000
J.B. Roberts	-	69,873
R.A. Mortimer	-	-
P.J. Roberts	69,873	-
K.T. Kendal - Williams	-	-
	<hr/>	<hr/>

The directors interests in the share capital of the parent company will be shown in the accounts of that company.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 9 to 10, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to re-appoint Watts Gregory as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

MAYER COHEN INDUSTRIES LIMITED

THE DIRECTORS' REPORT *(continued)*

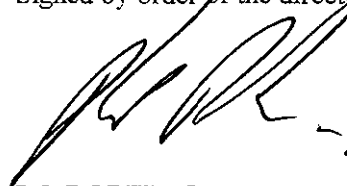
YEAR ENDED 31 DECEMBER 2000

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
Newtown Industrial Estate
Crosskeys
Newport
Gwent
NP1 7PZ

Signed by order of the directors



P.J. ROBERTS
Company Secretary

Approved by the directors on 13/4/2001

MAYER COHEN INDUSTRIES LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 DECEMBER 2000

We have audited the financial statements on pages 6 to 17 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 9 to 10.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 3, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2000 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Watts Gregory

WATTS GREGORY
Chartered Accountants
& Registered Auditors
10/14 Museum Place
CARDIFF
CF10 3NZ

21/5/01

MAYER COHEN INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2000

	Note	2000 £	1999 £
TURNOVER			
Telephone sales	2	104,380	40,526
Warehousing income		1,637,305	1,306,035
Total sales		1,741,685	1,346,561
Cost of sales - warehousing		(727,895)	(498,371)
GROSS PROFIT		1,013,790	848,190
Distribution Costs - Telephone sales		0	(5,829)
Distribution Costs - Warehousing		(5,023)	(3,268)
Administrative expenses - Telephone sales		(1,937)	0
Administrative expenses - Warehousing		(621,911)	(572,194)
Bad debt recovery - Telephone sales		56,830	46,507
Total distribution costs and administrative expenses		572,041	534,784
OPERATING PROFIT	3	441,749	313,406
Interest receivable and similar income		32,988	-
Interest payable		(24,647)	(28,650)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		450,090	284,756
Tax on profit on ordinary activities	5	(68,122)	(45,000)
RETAINED PROFIT FOR THE FINANCIAL YEAR		381,968	239,756

The notes on pages 9 to 17 form part of these financial statements.

MAYER COHEN INDUSTRIES LIMITED

YEAR ENDED 31 DECEMBER 2000

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2000 £	1999 £
Profit for the financial year attributable to the shareholders	381,968	239,756
Unrealised profit on revaluation of properties	-	610,000
Total gains and losses recognised since the last annual report	<u>381,968</u>	<u>849,756</u>

The notes on pages 9 to 17 form part of these financial statements.

MAYER COHEN INDUSTRIES LIMITED

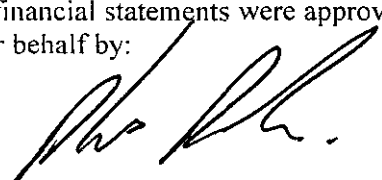
BALANCE SHEET

31 DECEMBER 2000

	Note	2000 £	1999 £
FIXED ASSETS			
Tangible assets	6	<u>3,023,494</u>	<u>2,382,452</u>
CURRENT ASSETS			
Debtors	8	489,922	424,238
Cash at bank and in hand		<u>226</u>	<u>578</u>
		490,148	424,816
CREDITORS: Amounts falling due within one year	9	<u>(594,874)</u>	<u>(588,883)</u>
NET CURRENT LIABILITIES		<u>(104,726)</u>	<u>(164,067)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,918,768	2,218,385
CREDITORS: Amounts falling due after more than one year	10	<u>(1,590,000)</u>	<u>(1,340,000)</u>
		1,328,768	878,385
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	11	(22,403)	-
Government grants	12	<u>(46,012)</u>	<u>-</u>
		<u>1,260,353</u>	<u>878,385</u>
CAPITAL AND RESERVES			
Called-up equity share capital	16	735,510	735,510
Revaluation reserve		1,618,117	1,618,117
Profit and loss account	17	<u>(1,093,274)</u>	<u>(1,475,242)</u>
SHAREHOLDERS' FUNDS		<u>1,260,353</u>	<u>878,385</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

These financial statements were approved by the directors on the 13th April 2001, and are signed on their behalf by:


P. J. Roberts
Director

The notes on pages 9 to 17 form part of these financial statements.

MAYER COHEN INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant and machinery	3 to 10 years
Motor vehicles	3 to 4 years

The property is fully maintained to prevent its deterioration. In the opinion of the directors, the residual value is not less than the valuation in the financial statements. Accordingly no depreciation has been provided for the year.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

MAYER COHEN INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Revenue grants

Revenue grants are credited in full to the profit and loss account when received.

Capital grants

Government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

2. TURNOVER

Overseas turnover amounted to 5.99% (1999 - 3.01%) of the total turnover for the year.

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2000 £	1999 £
Staff pension contributions	9,247	38,284
Amortisation of government grants	(3,988)	-
Depreciation	74,023	56,413
Loss/(Profit) on disposal of fixed assets	5,776	(3,500)
Auditors' fees	5,000	5,000
Redundancy costs	-	5,491

MAYER COHEN INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

4. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2000	1999
	£	£
Aggregate emoluments	108,267	75,431
Value of company pension contributions to money purchase schemes	8,467	8,207
Compensation for loss of directorship	19,795	-
	<u>136,529</u>	<u>83,638</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	2000	1999
	No.	No.
Money purchase schemes	<u>3</u>	<u>2</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000	1999
	£	£
In respect of the year:		
Corporation tax based on the results for the year at 30% (1999 - 30%)	58,457	45,000
Increase in deferred tax provision (Note 11):		
Capital allowances	22,970	-
Other	(567)	-
	<u>22,403</u>	<u>-</u>
	80,860	45,000
Adjustment in respect of previous years:		
Corporation tax	(12,738)	-
	<u>68,122</u>	<u>45,000</u>

MAYER COHEN INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

6. TANGIBLE FIXED ASSETS

	Freehold Property £	Plant & Equipment £	Motor Vehicles £	Total £
COST OR VALUATION				
At 1 January 2000	2,123,948	346,407	19,350	2,489,705
Additions	602,083	126,758	-	728,841
Disposals	-	(26,550)	(9,000)	(35,550)
At 31 December 2000	<u>2,726,031</u>	<u>446,615</u>	<u>10,350</u>	<u>3,182,996</u>
DEPRECIATION				
At 1 January 2000	-	98,592	8,661	107,253
Charge for the year	-	68,123	5,900	74,023
On disposals	-	(13,274)	(8,500)	(21,774)
At 31 December 2000	<u>-</u>	<u>153,441</u>	<u>6,061</u>	<u>159,502</u>
NET BOOK VALUE				
At 31 December 2000	<u>2,726,031</u>	<u>293,174</u>	<u>4,289</u>	<u>3,023,494</u>
At 31 December 1999	<u>2,123,948</u>	<u>247,815</u>	<u>10,689</u>	<u>2,382,452</u>

Revaluation of fixed assets

The freehold property was revalued on the open market value basis by E.J.Hales, Chartered Surveyors on the 11 April 2000 at £2,450,000. The original cost of the property which was revalued was £831,833.

7. FIXED ASSET INVESTMENTS

The company owns 2 ordinary shares of £1 each which represents 100% of the issued share capital of Anglotel Limited, a company incorporated in England and Wales. In the financial statements the value of the investment has been written down to nil. Anglotel Limited is a dormant company and has net assets of £2 (1999 - £2).

The company owns 1 ordinary share at a par value of 27,400lvi which represents 100% of the issued share capital of Anglo Telecom SIA, a company incorporated in the Republic of Latvia. In the financial statements the value of the investment has been written down to nil.

MAYER COHEN INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

8. DEBTORS

	2000 £	1999 £
Trade debtors	440,876	396,076
Amounts owed by group undertakings	1,573	1,573
Other debtors	885	4,991
Prepayments and accrued income	46,588	21,598
	<u>489,922</u>	<u>424,238</u>

9. CREDITORS: Amounts falling due within one year

	2000 £	1999 £
Bank loans and overdrafts	337,742	330,207
Trade creditors	62,055	97,932
Other creditors comprise:		
Corporation tax	58,457	45,000
PAYE and social security	20,509	17,248
VAT	53,451	54,859
Pension control account	1,891	1,556
Other creditors	2,462	5,689
	<u>536,567</u>	<u>552,491</u>
Accruals and deferred income	58,307	36,392
	<u>594,874</u>	<u>588,883</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2000 £	1999 £
Bank loans and overdrafts	<u>337,742</u>	<u>330,207</u>

10. CREDITORS: Amounts falling due after more than one year

	2000 £	1999 £
Amounts owed to group undertakings	1,074,000	824,000
Other creditors comprise:		
Directors' loan accounts	516,000	516,000
	<u>1,590,000</u>	<u>1,340,000</u>

The above loans are unsecured and carry no fixed terms of repayment.

MAYER COHEN INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

11. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	2000 £	1999 £
Provision for year	22,403	-
Provision carried forward	<u>22,403</u>	<u>-</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2000 £	1999 £
Excess of taxation allowances over depreciation on fixed assets	22,970	-
Other timing differences	(567)	-
	<u>22,403</u>	<u>-</u>

At the year end the unprovided full potential liability to deferred tax was £581,531 (1999 - £582,458), of which £485,435 (1999 - £485,435) relates to the revaluation of the freehold property.

12. GOVERNMENT GRANTS

	2000 £	1999 £
Received and receivable:		
Receivable during year	50,000	-
At 31 December 2000	<u>50,000</u>	<u>-</u>
Amortisation:		
Credit to profit and loss account	3,988	-
At 31 December 2000	<u>3,988</u>	<u>-</u>
Net balance at 31 December 2000	<u>46,012</u>	<u>-</u>

MAYER COHEN INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

13. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2000 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2000 £	1999 £
Operating leases which expire:		
Within 1 year	-	2,900
Within 2 to 5 years	22,809	16,717
	<u>22,809</u>	<u>19,617</u>

14. TRANSACTIONS WITH THE DIRECTORS

A number of directors are also directors of companies who entered into transactions with the company. All these transactions were entered into on an arms length basis.

MAYER COHEN INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

15. RELATED PARTY TRANSACTIONS

Throughout the year the company was under the control of Maynew Investments Limited, a company incorporated in England and Wales.

Maynew Investments Limited is under the ultimate control of Mr. J.B. Roberts.

The company's related parties at 31 December 2000, with whom the company has either entered into transactions or has balances with, which require disclosure under FRS8 are as follows:

Name	Nature of relationship
Maynew Investments Ltd	Parent company
Anglo Telecom SIA	Subsidiary company

The only related party transaction during the year was a loan advance received from Maynew Investments Limited of £250,000.

The following balances, included within Debtors and Creditors, are due (to)/from the company's related parties as at 31 December.

Name	2000 £	1999 £
Maynew Investments Ltd	(1,074,000)	(824,000)
J.B. Roberts	(516,000)	(516,000)
Anglo Telecom SIA	<u>1,573</u>	<u>1,573</u>

The balance with Maynew Investments Limited comprises a loan, on which interest is paid monthly at the interest rate on the bank overdraft of Mayer Cohen Industries Limited.

16. SHARE CAPITAL

Authorised share capital:

	2000 £	1999 £
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid:

	2000 £	1999 £
Ordinary share capital	<u>735,510</u>	<u>735,510</u>

MAYER COHEN INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000

17. PROFIT AND LOSS ACCOUNT

	2000	1999
	£	£
Balance brought forward	(1,475,242)	(1,714,998)
Retained profit for the financial year	<u>381,968</u>	<u>239,756</u>
Balance carried forward	<u>(1,093,274)</u>	<u>(1,475,242)</u>

18. ULTIMATE PARENT COMPANY

The company is controlled by Maynew Investments Limited, a company registered in the U.K. At 31 December 2000 it owned 90.5% of the company's ordinary share capital.